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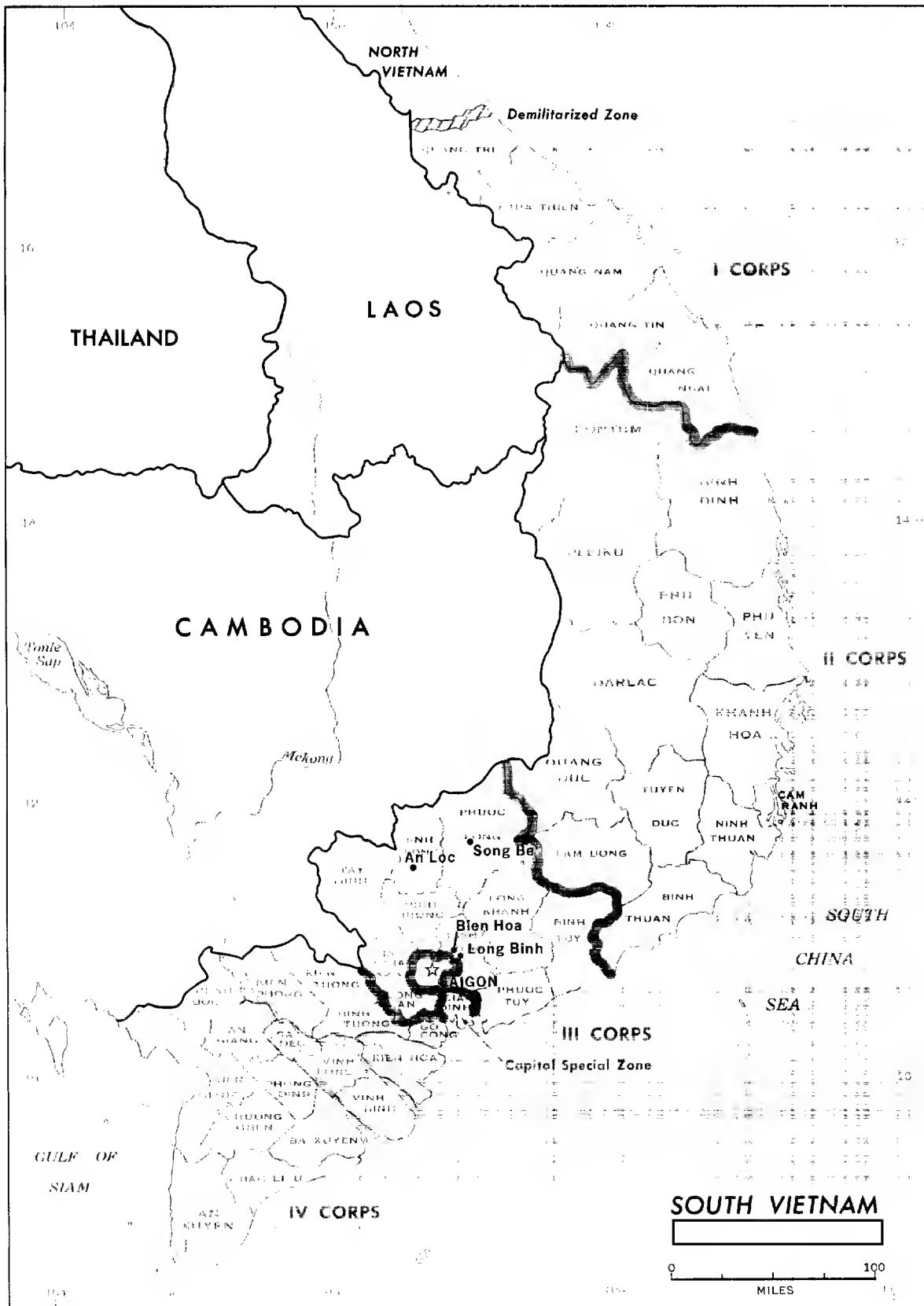
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[Berlin: Moscow took a further step yesterday to set the stage for the disruption of West German access to West Berlin.

The Russians published a note to East Germany that is designed to provide a legal rationalization for East German interference with traffic between the city and West Germany. Moscow alleged that it had evidence that military goods destined for West Germany are being manufactured in West Berlin and that personnel for the West German military forces are being recruited there.

The East Germans almost immediately ordered their checkpoint officials to begin applying an already-existing decree which bans the transport of goods used "for military purposes" across the GDR. This decree is deliberately worded so that the East Germans could ban the transport of many of the goods manufactured in West Berlin and materials sent to the city to be used in their manufacture. The reference in the Soviet note to the alleged recruitment of West Berliners for service in the West German armed forces, moreover, provides Pankow still another rationale for at least slowing down all passenger traffic to and from Berlin. The East Germans apparently have not yet delayed traffic to and from the city, but delays can be anticipated.

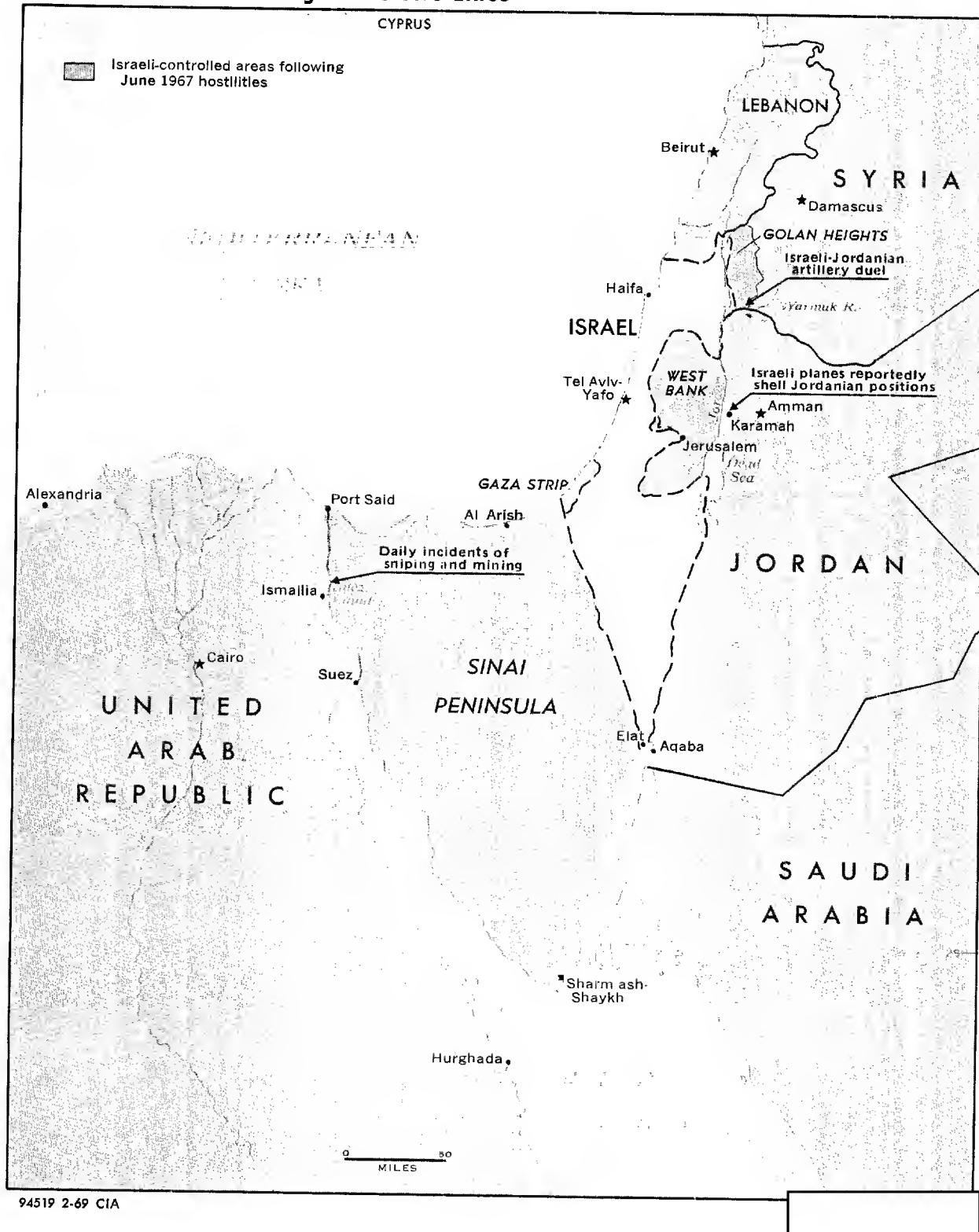
Moscow may believe that there is still a chance of deflecting the West Germans from their decision to hold the presidential election in West Berlin, but failing this, yesterday's note commits the Soviets to support East German harassment measures.

Soviet Deputy Foreign Minister Semenov and Marshal Yakubovsky, commander of the Warsaw Pact, arrived in East Berlin from Moscow yesterday and met with East Germany's Walter Ulbricht and other]

25X1 [top political and military officials. Moscow announced on 20 February that Yakubovsky would direct the joint Soviet - East German exercises to begin in early March. They probably will take place in the Letzlinger Heide training area, the largest training area in East Germany. The fact that he and Semenov are on the scene indicates that the Soviets intend to maintain control of any harassment measures used to demonstrate displeasure with Bonn's presidential election in West Berlin next week.

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Incidents Continue Along Cease-Fire Lines



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Israel-Jordan-Egypt: Daily exchanges of gunfire along the cease-fire lines continue to exacerbate the situation in the Middle East.

Sporadic shellings of Israeli border settlements on Wednesday were followed by a 90-minute artillery duel on Thursday between Israeli and Jordanian forces in the southern sector of the Golan Heights. Further firefights occurred yesterday, and Amman claimed two Israeli planes fired rockets at Jordanian positions north of the village of Karamah.

Incidents of sniping and mine laying along the Suez Canal, most of them initiated by Egypt, have increased in the past week. An Israeli Army spokesman announced Thursday morning that since 23 February there had been 34 sniping incidents along the canal; he said two Israeli soldiers had been wounded. Following this announcement there was an extended sporadic exchange of small arms fire Thursday afternoon, and yesterday Israel claimed two more Israeli soldiers had been wounded by Arab snipers along the canal.

Such incidents, particularly those in the canal area, continue to hold the potential of developing into exchanges on a broader scale.
(Map)

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West Germany: The sharp drop in Bonn's troublesome foreign trade surplus, from a record \$672 million in December to \$29 million in January, is attributable partly to seasonal and to nonrecurring factors. There are, however, some indications that the continuing economic boom and last November's trade tax measures may be having their anticipated effect.

Exports dropped by 20 percent from the December level, but the decline was only seven percent when seasonal factors are taken into account. In addition, December exports were swollen by heavy advance shipments designed to beat the four-percent export tax, which became effective late in the month. It is too early, therefore, to determine whether the new tax will succeed in reducing the growth of exports.

The eight-percent rise in January imports probably has greater significance. Seasonally adjusted imports rose 18 percent over the December level. This gain could not have been distorted by delayed deliveries in anticipation of the four-percent tax rebate on imports because it became effective on 30 November. The rebate may, therefore, be a factor but the main cause of the strong rise in imports is probably the boom in the German economy.

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Okinawa: The gap between Chief Executive Yara and the extreme radicals in his leftist coalition is widening.

The ultraleftist Socialists and Communists are reported to be increasingly displeased with Yara's relatively cooperative attitude toward the US administration and with his growing reliance on the moderate socialist wing of the coalition. The radicals are especially unhappy over Yara's role in averting the general strike that had been set for 4 February to protest the presence of B-52s in Okinawa.

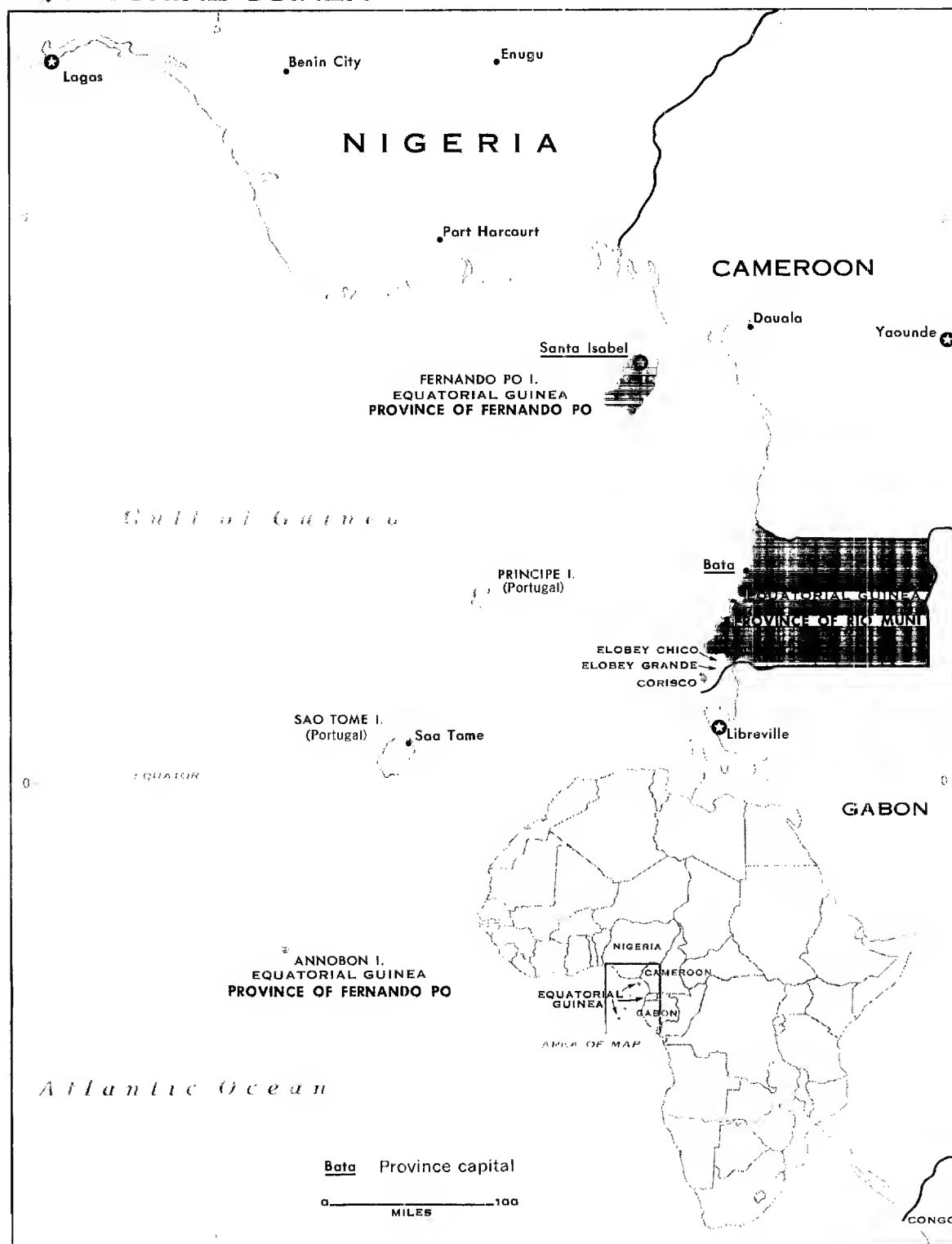
The extreme leftists now are pressing for a greater voice in the decision-making process. Yara, however, may not feel compelled to accede to their demands in view of the "no interference" pledge he got from them prior to the election last November. Furthermore, the radical leftist parties have derived considerable political advantage from being part of the ruling coalition, and they are not anxious to return to their previous isolated positions.

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EQUATORIAL GUINEA



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[Equatorial Guinea: Equatorial Guinea has been shaken by a serious deterioration in its relations with Spain.

Guinean President Macias has become increasingly critical of Spain's intentions toward its former colony during four months of independence. In an emotional outburst this week, he ordered the Spanish ambassador and all Spanish residents to leave the country. The action and ensuing tensions prompted the Spanish to take precautionary measures--including temporarily occupying the airport at the Guinean capital of Santa Isabel--to assure the safety of their citizens. The most recent reports indicate that a measure of calm has been restored.

Macias, who is prone to erratic action and is under numerous domestic pressures, may yet reverse his position and allow the Spanish to remain in the country. Should he fail to do so, not only would future Guinean-Spanish cooperation--vital to Guinea's economic well-being--be jeopardized, but the fragile political framework of the country might collapse. (Map) **]**

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Surinam: Labor unrest and political maneuvering have reached such a point that many in the Netherlands are beginning to view this semi-autonomous state as a distinct liability.

Minister-President Pengel has submitted his resignation, but the coalition parties that support him still hold a bare parliamentary majority and Pengel hopes to form the next government. His prestige is at an all time low, however, and a small but increasingly influential leftist party is exploiting legitimate labor demands. If elections have to be called, there is a good possibility that, for the first time, Pengel may face a united opposition.

The labor unrest, the chaotic political conditions, and Pengel's corrupt and financially irresponsible administration are all serving to convince the Dutch that their interests might best be served by reducing their responsibilities for Surinam's affairs. Some Dutch newspapers are urging a prompt and complete break, but the government is not likely to take such drastic action.

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Editor's Note: In the Brazil item in the CIB of 28 February, the second sentence of the third (bracketed) paragraph should have read: "Almost one third of the 22 state assemblies have now been recessed...."

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